



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 20.12.2002
COM(2002) 757 final

2001/0185 (COD)

Amended proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on computerising the movement and monitoring of excisable products

(presented by the Commission pursuant to Article 250(2)
of the EC-Treaty)

EXPLANATORY MEMORANDUM

A. Principles

1. On 19 November 2001 the Commission presented a proposal for a Decision of the European Parliament and of the Council on computerising the movement and monitoring of excisable products (COM(2001) 466 final).
2. The Economic and Social Committee delivered its opinion on the proposal on 29 May 2002, with proposals similar to those contained in the Parliament's amendments, which have therefore been taken into account in the amended proposal.
3. On 24 September 2002 the European Parliament adopted the proposal for a decision at first reading, with ten amendments.
4. Discussions at the Council revealed the need for a number of other stylistic changes and clarifications. This amended proposal therefore also includes those changes.
5. On 4 June 2002, in its ECOFIN conclusions, the Council invited the working party on tax matters to continue its work on this proposal for a Decision so that a solution could be found before 1 April 2003. The Seville European Council endorsed these conclusions. These conclusions have been taken account of by the Commission and the co-legislators.

B The European Parliament's amendments

The European Parliament's amendments have been incorporated as follows:

I. Amendments accepted without change.

a. Amendments 1, 2, 3 and 4 add greater precision to the recitals stating the grounds on which the decision is based, by setting out the following principles:

Amendment 1 states the necessity of making the current project consistent with the system already in place for customs transit, saying that “(5) A computerised system for intra-Community movement of goods (EMCS) should be compatible and, if technically possible, merged with the new computerised transit system (NCTS), to strengthen action to combat fraud and to facilitate procedures for administration and trade.” It is directly related to amendment 7.

The purpose of amendment 2 is to make things easier for SMEs; it introduces the principle that access to the system should be free of charge for economic operators. It runs as follows: “(8) Such a complex computerised system should not be developed and deployed at the expense of the competitiveness of the economic operators, in particular the many small and medium-sized companies active in this sector. Member States should develop a standard application for connection to the system, which should be made available free of charge.” It is directly related to amendment 8.

Amendment 3 adds detail concerning areas of competence, including “responsibility for the security aspects of the system, its lawful application and the ownership and handling of commercially confidential information held thereon,” and stresses that the Commission should also have the important role of coordinating, organising and managing the development and introduction of the system.

Amendment 4 states the need to improve the operation of the current system pending total computerisation, because of the time that this will take to complete. It is worded as follows: “(11) The computerised system for monitoring excisable goods will not be operational before 2007. Given the levels of fraud and red tape associated with the current paper-based system, the Commission should, after having consulted the industries concerned, propose and/or implement the necessary short-term measures to improve the functioning of the system.”

The Commission's reservations about the wording of these amendments are set out in the responses to amendments 7 and 8, since the principles involved are acceptable to the Commission but the wording needs to be modified.

b. Amendments 5, 9 and 11 relate to substantive changes that do not pose a problem or where the Council position is already identical.

Amendment 5 concerns a terminological change in English: replacing the term “special reference” with the term “**prime reference**”. It has been taken into account in the amended version.

Amendment 9 concerns data security, which is part of the system's operational specifications. Definitive decisions concerning the standards to be defined can only really be taken at the finalisation stage of the project (in 2007/2008). This amendment echoes the Commission's own concerns. More effective standards should indeed be applied to the system. However, in view of the rate of technological development it would be best to define these standards as late as possible.

The text is therefore acceptable and has been incorporated as follows: “the development of security features of the highest standard possible in order to prevent unauthorised access to data and to guarantee the integrity of the system.”

Amendment 11 also echoes the Commission's own concerns. The changes introduced by the Council are identical. The text is worded as follows: “The countries that have applied for membership of the European Union **shall be** kept informed by the Commission of the development and deployment of the computerised system and **shall be** invited to take part in the tests to be carried out.”

The Commission has no reservations about the wording of these amendments.

II. Amendments accepted subject to reformulation.

Amendment 6 relates to the way in which the computerised system will be set up and amends the first paragraph of Article 2 by inserting the words “in collaboration with the Commission” so that the text reads “The Member States, **in collaboration with the Commission**, shall establish”

The Council made a similar amendment, which reads “The Member States **and the Commission** shall establish....”

Both Parliament's and the Council's amendments serve the same purpose. The Council's wording has been used in the amended version.

Amendment 7 is directly linked to the recital 5 introduced by amendment 1. It adds a new paragraph to Article 3: “The computerised system shall, if technically possible, be merged with the NCTS. Together they shall form a single integrated computer system for surveillance of the movements both of excisable goods and of excisable/dutiable third-country goods.”

The Council also proposed an amendment, but in more qualified terms, and only in a statement annexed to the minutes. The wording in the amended version was based on a compromise drafted by the Commission.

Amendment 8, which is directly related to amendment 2, stipulates that a standard application should be developed in each Member State and made available to economic operators free of charge. This does not conflict with the objectives of the system as envisaged by the Commission in its preparatory work. However, the wording must be altered to make clear the exact meaning of the words “make available to economic operators”, in particular as they have an impact on the cost of the deploying the system - i.e. whether they refer to free access to a standardised application open to the public in every Member State, or the provision of a standard application to each economic operator.

The new version of the proposal is amended to provide this clarification, so that the development and provision of the system does not burden the Member States and the Commission with costs beyond their control. The amended proposal incorporates the “free-of-charge” principle but confines it to free access to the application.

III. Rejected amendment

Amendment 10 relates to the excise guarantee rules and would entail amendments to Member States' tax legislation as it applies to excise goods. The proposed measure falls within the scope of application of Council Directive 92/12/EEC of 25 February 1992, and amendments to this Directive are subject to unanimity (Article 93 EC Treaty).

The proposed amendment is therefore rejected and the amended version of the proposal does not take it into account.

C. Other changes

Discussions at the Council have stressed the need to take on board a number of other editorial changes and clarifications. This amended proposal therefore also includes those changes.

The amendments proposed by the Council relate to the following points:

1. As regards content, the main changes proposed are to the timetable for implementation of the computerised system, the date of entry into force of the Decision and the management procedure for the project.

Specifically, the Council proposes the following changes:

*** Timetable**

Article 2: “The Member States **and the Commission** shall establish the computerised system within **six years** [instead of five years] of the date on which this Decision enters into force.”

“Activities relating to the initiation of the application of the computerised system shall begin not later than **twelve months** [*instead of nine months*] after the entry into force of this Decision.”

Article 12: “This Decision shall enter into force on **1 January 2003**” [*instead of on the twentieth day following that of its publication in the Official Journal*].

*** Management procedure**

The Council wishes the operating procedures for the Committee responsible for managing the project to be simplified. The Excise Committee established under Article 24 of Directive 92/12/EEC would be given exclusive competence. The Council's draft decision reads as follows:

Article 7: “1. The Commission shall be assisted by the Excise Committee set up by Article 24 of Directive 92/12/EEC.

2. Where reference is made to this paragraph, Articles 4 and 7 of Decision 1999/468/EC shall apply, having regard to the provisions of Article 8 thereof. The period laid down in Article 4(3) of Decision 1999/468/EC shall be set at three months.

3. The Committee shall adopt its rules of procedure.

*** Legal scope of the Decision**

In order to eliminate any ambiguity regarding the legal scope and impact of the Decision on tax legislation, a further amendment has been introduced in Article 4. It is justified by the general principle voiced by the Commission during the work in Council and Parliament, namely that the proposed Decision was in no way intended to amend tax legislation on excise duties, but simply to give the Commission and the Member States the financial and human resources to develop and set up the computerised system for the monitoring and movement of excisable products, and to specify the procedures that should be used to do this.

The Council wanted changes in the wording to underline this principle, and these have been incorporated in the amended proposal. Thus, Article 4 stipulates that the computer system is intended to set up **the infrastructure and tools** needed to ensure the system's overall interconnection and interoperability and **the instruments** for the exploitation of data to combat fraud.

To confirm this approach, the text of Article 1(2)(b) and (2)(c) has, at the Commission's behest, also been amended in a similar fashion to Article 4(1)(b).

2. As regards form, the Council wanted to amend Articles 7 and 11 and recital 10 to take account of the general principles applicable to the drafting of legislation under the co-decision procedure. This mainly concerns the rules applicable to multiannual programmes and the corresponding budgetary control.

The stylistic improvements introduced by the Council warrant no specific remarks.

D. Conclusion

Pursuant to Article 250(2) of the EC Treaty the Commission hereby amends its proposal as set out below.

Amended proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

**on computerising the movement and monitoring of
excisable products**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 95 thereof,

Having regard to the proposal from the Commission,¹

Having regard to the opinion of the European Economic and Social Committee,²

Acting in accordance with the procedure laid down in Article 251 of the Treaty,³

Whereas:

- (1) Council Directive 92/12/EEC of 25 February 1992 on the general arrangements for products subject to excise duty and on the holding, movement and monitoring of such products⁴ provides that products moving between Member States under excise-duty suspension arrangements must be accompanied by a document completed by the consignor.
- (2) Commission Regulation (EEC) No 2719/92 of 11 September 1992 on the accompanying administrative document for the movement under duty-suspension arrangements of products subject to excise duty lays down the form and content of the accompanying document provided for in the Directive 92/12/EEC.⁵
- (3) In the light of the findings and recommendations in the report delivered on 24 April 1998 by the High Level Group on fraud in the alcohol and tobacco sectors it is desirable to replace the paper-based system with an electronic system for monitoring movements of excise goods which will enable Member States to obtain real-time information on movements and carry out checks where necessary, including checks on movements under Article 15 of Directive 92/12/EEC.

¹ OJ C ..., ..., p. ...

² OJ C ..., ..., p. ...

³ European Parliament opinion of ... (OJ C ...), Council Common Position of ... (OJ C ...) and European Parliament Decision of ... (OJ C ...). Council Decision of ...

⁴ OJ L 76, 23.3.1992, p. 1. Directive last amended by Directive 2000/47/EC (OJ L 197, 29.7.2000, p. 73).

⁵ OJ L 276, 19.9.1992, p. 1. Regulation as amended by Regulation (EEC) No 2225/93 (OJ L 198, 7.8.1993, p. 5).

- (4) The move to a computerised system should also allow the excise-duty suspension arrangements for products moving within the Community to be simplified.
- (5) A computerised system for the intra-Community movement and monitoring of excisable goods (EMCS) should be compatible and - if technically possible - merged with the new computerised transit system (NCTS), so as to reinforce anti-fraud action and facilitate administrative and commercial procedures.**
- ~~(5)~~ **(6)** For the purposes of implementing this Decision the Commission needs to coordinate the Member States' activities to ensure the smooth operation of the internal market. Accordingly, ~~provision should be made whereby the Commission and the Member States make the necessary resources available for the development and deployment of the system.~~
- ~~(6)~~ **(7)** Because of the size and complexity of the project, it requires considerable investment of human and financial resources at both Community and Member State level. It is therefore necessary to ensure that the Commission and the Member States will make the necessary resources available for the development and deployment of the system.
- (8) Such a complex computerised system should not be developed and deployed at the expense of the competitiveness of the economic operators, in particular the small and medium-sized companies active in this sector. Member States should develop a standard application for connection to the system, which should be made available free of charge.**
- ~~(7)~~ **(9)** The division between the Community and ~~non-Community~~ **national** components of the computerised system should also be defined, as should the respective duties of the Commission and the Member States with regard to the system's development and deployment. **Such duties should include responsibility for the security aspects of the system, its lawful application and the ownership and handling of commercially confidential information held thereon.** ~~In that context, the Commission should fulfil a major role in coordinating, organising and managing the system.~~ **The Commission, assisted by the relevant Committee, must play the major role in coordinating, organising and managing the system.**
- ~~(8)~~**(10)** Provision should be made for evaluating the implementation of the computerised monitoring system.
- (11) The computerised system for the intra-Community movement and monitoring of excisable goods will not be operational before 2007. Given the levels of fraud and red tape associated with the current paper-based system, the Commission should first consult the sectors concerned and then consider what measures are needed to improve the system.**
- ~~(9)~~**(12)** The cost of financing the system should be shared between the Community and the Member States, the Community's share being entered in the General Budget of the European Union.

~~(10)~~**(13)** This Decision provides for a sum to cover the entire period that will be needed to develop and deploy the system, and represents the prime reference within the meaning of Point 33 of the Interinstitutional Agreement of 6 May 1999 between the European Parliament, the Council and the Commission on budgetary discipline and improvement of the budgetary procedure⁶.

~~(11) — Since the measures necessary for the implementation of this Decision are management measures within the meaning of in Article 2 of Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission⁷, they should be adopted by use of the management procedure provided for in Article 4 of that Decision,~~

(14) The measures necessary for the implementation of this Decision should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission⁸,

HAVE ADOPTED THIS DECISION:

Article 1

1. A system, hereafter referred to as “the computerised system”, shall be set up to computerise the movement and monitoring of the excisable products referred to in Article 3(1) of Directive 92/12/CEE.
2. The purpose of the computerised system is:
 - a) to allow electronic transmission of the administrative accompanying document provided for in Regulation (EEC) No 2719/92 and improve checks;
 - b) **to set up instruments for** combating fraud by enabling the Member States to monitor the flow of excisable products in real time and carry out checks where necessary;
 - c) **to set up instruments for** simplifying the intra-Community movement of products under excise-duty suspension arrangements, in particular by facilitating and speeding up the discharge of such movements.

Article 2

The Member States **and the Commission** shall establish the computerised system within ~~five~~ **six** years of the date on which this Decision enters into force.

Work on developing the system must begin within ~~nine~~ **twelve** months of the date on which this Decision enters into force.

⁶ OJ C 172, 18.6.1999, p. 1.

⁷ OJ L 184, 17.7.1999, p. 23.

⁸ OJ L 184, 17.7.1999, p. 23.

The Commission and the Member States shall make available the human, budgetary and technical resources needed to establish and run the computerised system.

Article 3

~~The computerised system shall be made up of Community and non-Community components.~~

The computerised system shall comprise Community and national components.

The Commission shall ensure that in work on the Community components of the computerised system every attention is paid to reusing as much of the new computerised transit system (NCTS) as possible and ensuring that the EMCS system is compatible with, and - if technically possible - integrated into, the NCTS. Together they shall form a single integrated computer system for the surveillance both of intra-Community movements of excisable goods and of movements of excisable goods and goods subject to other duties and charges coming from or going to third countries.

The Community components ~~of the system~~ shall be the common specifications, the technical products, the services of the CCN/CSI network (*Common Communications Network/Common Systems Interface*), and the coordination services used by all the Member States; ~~to the exclusion of~~ **they shall not include** any variant or special feature of any such **component** services designed to meet national requirements.

The ~~non-Community components~~ **national components** of the system shall be the national specifications, the national databases forming part of the system, network connections between Community and ~~non-Community components~~ **national components**, and any software or equipment which a Member State considers necessary to ensure full use of the system throughout its administration, **as well as the standard application which each Member State must develop, access to which must be made available to economic operators in its territory free of charge.**

Article 4

1. The Commission, **acting in accordance with the procedure provided for in Article 7(2)**, shall coordinate the setting-up and running of the Community and ~~non-Community components~~ **national components of the computerised system, and in particular:**
 - a) the infrastructure and tools needed to ensure the system's overall interconnection and interoperability;
 - a)a) **the development of security features of the highest standard possible in order to prevent unauthorised access to data and to guarantee the integrity of the system;**
 - b) **the instruments for** the exploitation of data to combat fraud, ~~particularly by applying risk analysis at the Community level.~~

2. To achieve the aims of paragraph 1, the Commission shall conclude the ~~requisite~~ **necessary** contracts and shall, in cooperation with the Member States **meeting within the Committee referred to in Article 7(1)**, draw up **a master plan and management plans required** for the setting-up and running of the system.

~~The management plans shall state which initial tasks and which routine tasks the Commission and the individual Member State, respectively, are responsible for completing, the completion date for each task and what evidence of completion may be required.~~

The master plan and the management plans shall specify the initial and routine tasks which the Commission and each Member State are to perform. The management plans shall specify the completion dates for the tasks required for carrying out each project identified in the master plan.

Article 5

1. The Member States shall ensure that they complete, by the date specified in the management plans mentioned in Article 4(2), the initial and routine tasks allocated to them.

~~They shall report to the Commission when each task has been completed and shall provide proof of the date of its completion.~~

They shall report to the Commission the results of each task and the date of its completion. The Commission shall in turn inform the Committee referred to in Article 7(1) thereof.

2. No Member State shall take any action relating to the setting-up or running of the computerised system that might affect its overall interconnection and interoperability or its functioning as a whole.

~~Any measure that a Member State might wish to take and that could affect either the computerised system's internal links and overall interoperability or its functioning as a whole shall only be taken with the prior agreement of the Commission.~~

Any action a Member State may wish to take that might affect the overall interconnection and interoperability of the system or its functioning as a whole shall only be taken with the prior agreement of the Commission, acting in accordance with the procedure provided for in Article 7(2).

3. ~~Member States shall inform the Commission regularly of any measure they may have taken to enable their respective administrations to make full use of the computerised system.~~

Member States shall inform the Commission regularly of any measure they may have taken to enable their respective administrations to make full use of the computerised system. The Commission shall in turn inform the Committee referred to in Article 7(1) thereof.

Article 6

The Commission shall introduce any measures that are needed for the implementation of this Decision in accordance with the procedure set out in Article 7. These implementing measures shall not affect the Community provisions governing the raising and checking of indirect taxes or administrative cooperation and mutual assistance in matters of indirect taxation.

The measures necessary for the implementation of this Decision relating to the setting-up and running of the computerised system and to the matters referred to in Article 4(1) and in Article 5(2) second subparagraph shall be adopted in accordance with the management procedure set out in Article 7(2). These implementing measures shall have no impact on Community provisions governing the collection and monitoring of indirect taxes, administrative cooperation or mutual assistance in matters of indirect taxation.

Article 7

- ~~1. The Commission shall be assisted by the Standing Committee on Administrative Cooperation in the field of Indirect Taxation established by Article 10 of Council Regulation (EEC) No 218/929.~~
- ~~2. Where reference is made to this paragraph, the management procedure provided for in Article 4 of Decision 1999/468/EC shall apply, in compliance with Articles 7 and 8 thereof.~~
- ~~3. The period referred to in Article 4(3) of Decision 1999/468/EC shall be three months.~~

1. The Commission shall be assisted by the Excise Committee set up by Article 24 of Directive 92/12/EEC.

2. Where reference is made to this paragraph, Articles 4 and 7 of Decision 1999/468/EC shall apply, having regard to the provisions of Article 8 thereof.

The period laid down in Article 4(3) of Decision 1999/468/EC shall be set at three months.

3. The Committee shall adopt its rules of procedure.

Article 8

1. The Commission shall take whatever other steps are necessary to verify that the measures financed from the Community budget are being carried out correctly and in compliance with the provisions of this Decision.

~~It shall regularly, in collaboration with the Member States, monitor the various development and deployment stages of the computerised system with a view to determining whether the objectives pursued have been achieved, and to issuing guidelines on how to raise the effectiveness of the activities involved in implementing the computerised system.~~

⁹ OJ L 24, 1.2.1992, p. 1.

It shall regularly, in collaboration with the Member States, meeting in the Committee provided for in Article 7(1), monitor the various development and deployment stages of the computerised system with a view to determining whether the objectives pursued have been achieved, and to issuing guidelines on how to raise the effectiveness of the activities involved in implementing the system.

2. Thirty months after the entry into force of this Decision, the Commission shall submit an interim monitoring report to the Committee referred to in Article 7(1). The report shall if necessary set out methods and criteria to be used later in evaluating the operation of the system.
3. At the end of the ~~five~~ **six**-year period referred to in the first subparagraph of Article 2, the Commission shall present a report to Parliament and the Council on the implementation of the system. This report shall set out, inter alia, the methods and criteria to be used in the later evaluation of the system's operation.

Article 9

The countries that have applied for membership of the European Union ~~may~~ **shall be** kept informed by the Commission of the development and deployment of the computerised system and ~~may~~ **shall be invited to** take part in the tests to be carried out.

Article 10

1. The costs of setting up the computerised system shall be split between the Community and the Member States in accordance with paragraphs 2 and 3.
2. The Community shall bear the costs of the design, acquisition, installation and maintenance of the Community components of the system and the routine operating costs of Community components installed in Commission premises or the premises of a designated subcontractor.
3. The Member States shall bear the costs of setting up and operating the national components of the system and the routine operating costs of Community components installed in their premises or the premises of a designated subcontractor.

Article 11

- ~~1. The overall reference amount for financing the computerised system for the period defined in the first paragraph of Article 2 shall be set at EUR 35 000 000 in so far as the Community budget is concerned.~~

~~The annual appropriations, including appropriations assigned to the use and operation of the system after the above implementation period, shall be approved by the budgetary authority subject to the financial perspective.~~

- 1. The overall figure for financing the computerised system during the period defined in the first paragraph of Article 2 shall be EUR 35 000 000 insofar as the Community budget is concerned.**

The annual appropriations, including appropriations assigned to the use and operation of the system after the above implementation period, shall be approved by the budgetary authority subject to the financial perspective.

~~2. Member States shall estimate and make available the budgets and human resources needed to meet their obligations described in Article 5.~~

2. The Member States shall estimate and make available the budgets and human resources needed to meet the obligations described in Article 5. The Commission and the Member States shall provide the human, budgetary and technical resources needed to establish and run the computerised system.

Article 12

~~This Decision shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Communities.~~

This Decision shall enter into force on 1 January 2003.

Article 13

This Decision is addressed to the Member States.

Done at Brussels,...

*For the European Parliament
The President*

*For the Council
The President*

ANNEX

Technical Aspects

~~The data transmission system will use an architecture in which the Member States will be responsible for all telephone switchboards and electronic switching stations used by traders in the respective Member States, or by the Member States themselves, to receive or transmit data, and for all data exchanges with other Member States. No external intermediaries will be used to carry out these tasks.~~

~~If the system is to be used for commercial operations, very high standards of security and confidentiality have to be built into it. In particular it must be guaranteed to be tamper proof, the data transmitted must enjoy absolute privacy and the system must be permanently available, 24 hours a day, 365 days a year. Similarly, recovery times after any breakdowns must be very short.~~

~~1. Architecture~~

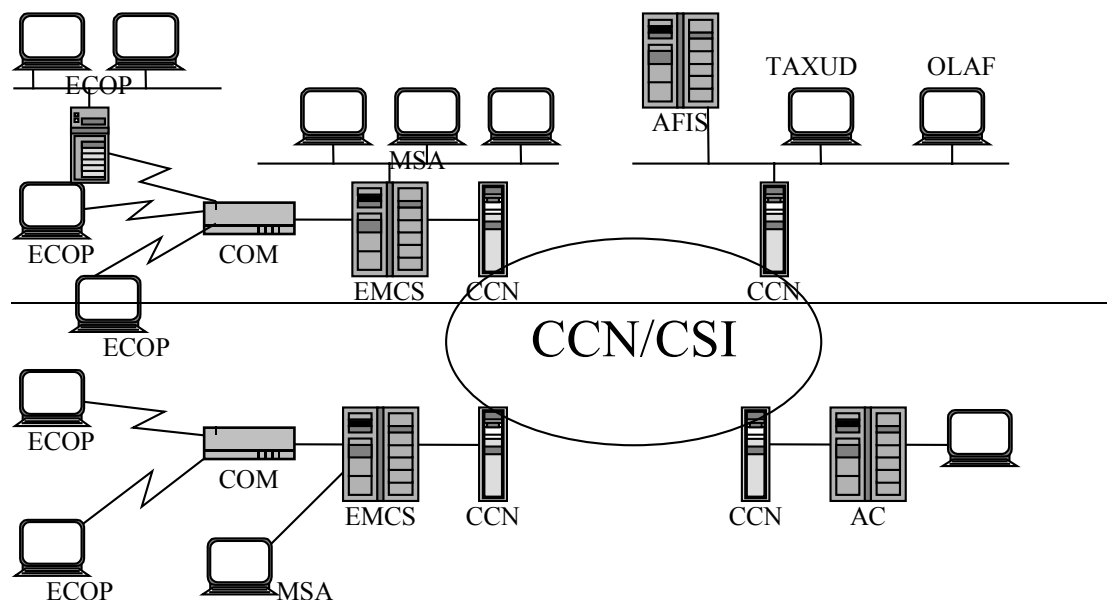
~~Given the conclusions of the feasibility study and the data transmission system selected, the principles underlying the proposal are:~~

- ~~— All listed operators (authorised warehousekeepers and their bonded warehouses, registered traders and their tax representatives) must be connected up to the system.~~
- ~~— All data transmitted between traders connected up to the system must be transmitted via at least one Member State.~~
- ~~— Certain other traders, particularly non-registered traders (occasional consignees) will not have direct access to the system. In their case, certain data must be transmitted directly between traders.~~
- ~~— Where data are so transmitted, only one of the traders, generally the consignor, will be responsible for putting the data into the system.~~
- ~~— Listed operators will be responsible for providing all data on the movement of goods, particularly the data required for submitting and, where necessary, updating the movement information (the electronic AAD)¹, and for returning the “discharged” message.~~
- ~~— All administrative data other than movement data, will be transmitted directly between Member States. The data may never be transmitted via traders.~~
- ~~— Information that is in the public domain may be made available for consultation at an information centre accessible to the public.~~
- ~~— Where use of the computerised system is concerned, a trader may communicate directly only with the Member State responsible for the place from which, or to which, the products are consigned, as appropriate.~~

¹ Accompanying administrative document.

It is recognised that the CCN/CSI infrastructure already in use to link the Member States would give the projected system a head start. It is proposed that the AFIS infrastructure should be used temporarily for movement verification, mutual assistance and any other related exchanges.

The resulting architecture is therefore as follows:



Each Member State has one applications server (the computerised system for the movement and surveillance of excisable products) to process messages issued by its officials or by traders. Each server is linked up to the CCN/CSI² network by a CCN gateway. The officials' work stations (in the Member States) are connected up to the server for the computerised system by the internal AEM network. The various help centres and helpdesks are connected up to the system's server and/or the CCN gateway (not shown in the diagram).

Traders (ECOP) are connected up to their respective Member States by a front-end communications channel (COM) which is duplicated so that, if one channel is down, the other ensures that the site remains available. Most traders use only one work station or one stand-alone PC but larger traders will have their own server and network.

The European Commission departments (the Directorate-General for Taxation and Customs Union (TAXUD) and the European Anti-Fraud Office (OLAF)) are directly linked to a CCN gateway. The AFIS³ server is linked to the same gateway.

The applications centre (AC) is connected up to its own CCN gateway.

Each Member State is responsible for all the functions falling within its local domain.

² Common Communications Network/Common Systems Interface.

³ Anti-Fraud Information System.

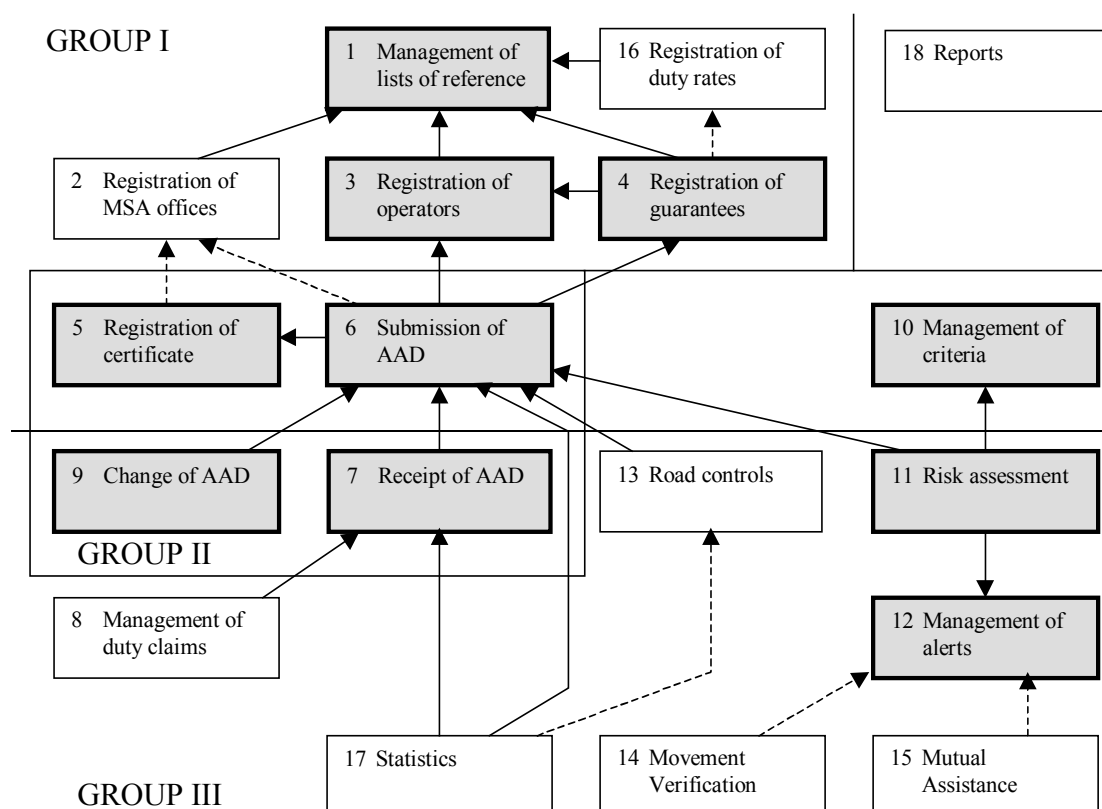
2. Functions

To permit development and deployment to be staggered over the period, the system would be broken down into three groups of functions, as follows:

- Group I: The essential reference module for the AAD electronic routing system, chiefly comprising the basic data of the individual specifications in the Directive and the details of the mutual obligations on data exchange. Access to the VIES4 system may be added to this group.
- Group II: The AAD electronic routing system itself and all the data required for drawing up a movement document.
- Group III: The additional modules for which the electronic AAD (Group II) is the pre-requisite but which do not themselves have any effect on the AAD routing system.

The function modules which make up the different Groups are illustrated below in descending hierarchical order. Dark arrows indicate that the return module cannot function if the reference module is not operational. Dotted arrows show that the reference modules can be left out temporarily although it would be advisable to develop them. Modules shaded in grey are those which the Member States and traders regard as priorities.

For easier reading, not all transmission links have been shown.



The following paragraphs summarise the subsystems in each Group.

~~Group I: Pre-requisite functions (development period two and half years from start-up of activities)~~

~~This group includes all the functions needed to activate the system as a whole, i.e:~~

~~— drawing up reference lists (lists of codes, lists of excise offices handling the system, structure of the excisable products, thesaurus of terms;~~

~~— management and consultation of listed traders;~~

~~— management of and consultation on guarantees;~~

~~— management of and consultation on excise rates;~~

~~— consultation of VAT data;~~

~~— related reports.~~

~~It should be pointed out that, where possible, some of the reference lists such as the list of codes and list of Member States' offices will be shared with the New Computerised Transit System (NCTS).~~

~~Group II: Electronic AAD routing system (development period four years commencing one year after start-up of activities)~~

~~This group comprises the functions needed for managing the electronic AAD, i.e:~~

~~— management of guarantee certificates;~~

~~— submitting and registering the AAD;~~

~~— updating and splitting the AAD whilst a movement is under way;~~

~~— acceptance or rejection of the AAD;~~

~~— link to the customs arrangements for exporting goods;~~

~~— claims for losses;~~

~~— consultation and recovery of movement data;~~

~~— automatic reminders;~~

~~— related reports.~~

~~Group III: Downstream functions (development period — two years commencing three years after start-up of activities)~~

~~This group includes:~~

- ~~—— registration of reports on wayside checks;~~
- ~~—— risk evaluation;~~
- ~~—— management of warnings;~~
- ~~—— automatic reminders;~~
- ~~—— statistics;~~
- ~~—— movement verification and mutual assistance;~~
- ~~—— free text messages.~~

~~Applications~~

~~Apart from the application functions listed above, other aspects also have to be developed in order to be able to:~~

- ~~—— allocate user names;~~
- ~~—— change passwords;~~
- ~~—— check links;~~
- ~~—— consolidate statistics;~~
- ~~—— allow support personnel to consult data;~~
- ~~—— allow support personnel to make corrections and connect up equipment.~~

~~3. Tasks~~

~~Work will be shared out between the European Commission and the Member States as follows:~~

- ~~—— The Commission will coordinate all work done by the partners, as also the joint programme. It will check the overall systems specification and supervise the development of the common applications. It will provide an applications centre for the partners so that they can check operations and evaluate the various components.~~
- ~~—— Each Member State will set up a network of terminals, develop its own application and open it up to traders. Each party involved will do that part of the work on the common programme that relates to itself.~~

3.1 The European Commission

In view of European Union policy, the system for the movement and surveillance of excisable products should be computerised in three stages, as in the classic V-shaped development approach. The main components identified as being the European Commission's responsibility are:

A central project office, which will also coordinate the support programme and supervise deployment, will be responsible for:

- the common specifications;
- technical products;
- the services of the CCN/CSI network;
- the coordination services for all the Member States.

These Community components do not include any variant or special feature designed to meet purely national needs.

It should be noted that the experience of the Member States is required as input into the systems specification. The Commission will therefore request the participation and contributions of the Member States in establishing this specification.

The Commission, with the collaboration of the Member States, will also regularly evaluate the various development stages of the system.

3.2 The Member States

Each Member State must develop and implement its own application of the system whilst complying with the operating and technical specifications supplied by the Commission.

Member States are free to select tools, the technical environment, equipment and the like to suit their internal requirements. Each Member State may develop its application on an existing platform. However, the resulting system must comply fully with the specifications jointly agreed by the Commission and the Member States. In particular, the intra-EU interfaces must be strictly compatible in form and semantics with the systems developed by other Member States.

To help Member States check the compatibility of their applications and prepare for validation (type approval) of their systems, the European Commission will provide the Member States with validation tools.

The following components are the responsibility of the Member States:

- drawing up of national specifications;
- participation in the drawing up of the common operating specifications and interfaces;
- establishing a national project office;
- quality management;

- ~~———— security and management policy;~~
- ~~———— developing Group I applications;~~
- ~~———— acceptance of Group I applications;~~
- ~~———— developing Group II applications;~~
- ~~———— acceptance of Group II applications;~~
- ~~———— developing Group III applications;~~
- ~~———— acceptance of Group III applications;~~
- ~~———— the information programme;~~
- ~~———— the training programme;~~
- ~~———— the support programme;~~
- ~~———— deployment.~~

~~The Commission will encourage any joint initiatives to develop products that are of interest to some or all the Member States where one national administration acts as team leader.~~

FINANCIAL STATEMENT

1. TITLE OF OPERATION

Computerisation of excise operations. Setting up of a European system to computerise the movement and surveillance of excisable products (system for computerising the movement and surveillance of excisable products).

2. BUDGET HEADING¹

B5-306

3. LEGAL BASIS

Article 95 of the Treaty establishing the European Community

4. DESCRIPTION OF OPERATION

4.1 General objective

To combat fraud by implementing the main recommendation of the report of the High Level Group on fraud in tobacco and alcohol products approved by the Directors-General for Customs and Indirect Taxation on 24 April 1998 and the ECOFIN Council on 19 May 1998.

To ensure the smooth operation of the internal market by simplifying the intra-Community movement of excisable products under excise-duty suspension arrangements and making such movements more secure, as provided for in Directive 92/12/EEC of 25 February 1992 on the general arrangements for products subject to excise duty and on the holding, movement and monitoring of such products.

To do so, the accompanying administrative document, the paper which currently accompanies all excisable products moving between the Member States under a suspension arrangement, must be replaced by an electronic message linking traders to each other via their respective national administrations.

Such a system would provide Member States with real-time information on current movements and allow them to carry out whatever pre-movement, wayside and/or post-clearance checks they deem necessary.

Traders who were consulted have shown great interest in the system since, on the whole, they recognise that doing away with paper – as this system would – would simplify formalities, make trade more secure and release guarantees more quickly. This is because a consignor would immediately receive notice of the arrival of his

¹ This indication concerns only the implementation of the system. It is not possible, at this stage, to define the budget heading that will allow to finance the running of the system.

goods at their destination, a notice which would have the same effect as the current copy 3 of the accompanying administrative document whose return means that the consignor's guarantee is released and he is also discharged of all further responsibility.

Alcatel TITN Answare carried out a feasibility study in 1999 and concluded that such a system was technically possible. The study provided all the details required for developing and deploying such a system. This study was officially approved by the Commission departments on 17 March 2000.

4.2 Period covered and arrangements for renewal or extension

Multiannual project, 2003-2008 ~~2002-2006~~, i.e. six ~~five~~ full years from start-up.

5. CLASSIFICATION OF EXPENDITURE OR REVENUE

5.1 Compulsory/non-compulsory expenditure

Non-compulsory expenditure

5.2 Differentiated/non-differentiated appropriations

Differentiated appropriations

5.3 Type of revenue involved

None

6. TYPE OF EXPENDITURE

- Subsidy to be combined with funding from other public or private sector sources

The Community will finance that part of the system which links the national administrations with each other. The Member States will finance the part which links their respective administrations with their traders.

The operating expenditure to be borne by the Community will include mainly:

- legal and procedural measures;
- management tasks (organisation, planning, issuing calls for tender, selecting consultants, monitoring contracts, budget and administrative matters);
- quality control of the products developed and installed;
- coordination (particularly with the Member States and professional associations and between the various development and deployment contracts; the costs for this item will include meetings and missions relating to coordination);

- the equipment covered by the definition of the Community components of the system set out in Article 3(1) of the draft decision;
- the operating and technical specifications for the system (definition of all the features of the system in terms of operating and technical modules);
- the precise definition and configuration of the interfaces;
- the development of the common central system;
- the deployment and monitoring of, and support services for, the common system;
- the definition of a common information policy;
- the setting up of a common training programme;
- operations to test the common system;
- the contingency plan (backup for the system);

Should the operation prove an economic success, is there provision for all or part of the Community contribution to be reimbursed? No.

Will the proposed operation cause any change in the level of revenue? If so what sort of change and what type of revenue is involved? No.

7. FINANCIAL INCIDENCE

7.1 Method of calculating total costs of operation (definition of unit costs)

The costs of meetings and missions relating to coordination tasks will be calculated on the basis of the cost of travel and accommodation.

All other costs relating to activities described in the Table below will be calculated on the basis of experience gained from similar projects.

The tables mentioned below at points 7.2 and 7.3 concern the development and deployment phases of the system, as set out in article 2, 1st sub-paragraph of the proposal for decision.

However, the proposal for decision also covers operating costs and use of the system, after its implementation, which are provisionally estimated to be 4M €.

7.2 Breakdown by elements of the action in the development and deployment phase (6 5 years)

Breakdown	2002	2003	2004	2005	2006		Total
Management ¹	0,45	0,75	1	0,9	0,9		4
Quality ²	0,4	0,75	1,05	1,05	0,75		4
Coordination ³	0,3	0,6	0,7	0,7	0,7		3
Equipment ⁴			0,3	0,4	0,3		1
System specification ⁵	1	1	0,5	0,4	0,1		3
Interfaces ⁶	0,5	1	0,5	0,5			2,5
Développement ⁷		0,5	0,5	1	1		3
Deployment, monitoring and support ⁸	0,2	0,5	0,7	0,8	0,8		3
Information ⁹	0,15	0,85	1	1	1		4
Training ¹⁰		0,5	0,5	1	1		3
Running the system ¹¹				0,5	0,5		1
Contingencies				1,75	1,75		3,5
Total	3	6,45	6,75	10	8,8		35

1 — Assistance to the programme management by the Commission mainly in the areas of producing and maintaining of the management plan;

2 — Activities of quality assurance of the programme, of quality control of the deliverables and services commissioned by the Commission, and of quality audit of the contractors;

3 — External assistance for the co-ordination activities performed by the Commission in the framework of the programme, mainly in the areas of the follow up of the management plan implementation by the Member States and of the related support, of the communication between all parties involved (Member States and contractors) in the programme, including the support to the meetings, of the liaison with the trader associations;

4 — Information Technology infrastructure required by the programme at community level (hardware, software and telecommunication service) during its first 5 first years (specification — development — deployment and running in phases).

5 — Activities of drafting, maintaining and supporting the functional & technical specifications of the system.

6 — Activities of drafting, maintaining and supporting the detailed technical specifications of the interfaces between the national and community systems;

7 — Activity of producing and maintaining the IT applications required at community level for the good functioning of the system: common databases, reference databases, test applications, monitoring applications, common utilities.

8 — Service activity required for the deployment of the system, including amongst others the technical conformance tests of the national systems, the monitoring of the system running in, the assistance to the Member States during the deployment period.

9 — Activity of information of the Member States and of the traders.

10 — Activity of training of the Member States' teams, about the specifications, products and services delivered by the Commission.

11 — Activity to deliver the community operational services, including the follow up of the operations, the processing of statistics, the availability of the common reference database, the assistance to the Member States in operation.

million EUR (current prices)

<u>Breakdown</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>Total</u>
<u>Management</u> ¹	<u>0,4</u>	<u>0,6</u>	<u>0,61</u>	<u>1</u>	<u>0,8</u>	<u>0,6</u>	<u>4</u>
<u>Quality</u> ²	<u>0,4</u>	<u>0,6</u>	<u>0,6</u>	<u>1</u>	<u>0,8</u>	<u>0,6</u>	<u>4</u>
<u>Coordination</u> ³	<u>0,3</u>	<u>0,4</u>	<u>0,6</u>	<u>0,6</u>	<u>0,6</u>	<u>0,5</u>	<u>3</u>
<u>Équipement</u> ⁴		<u>0,2</u>	<u>0,1</u>	<u>0,3</u>	<u>0,3</u>	<u>0,1</u>	<u>1</u>
<u>System specification</u> ⁵	<u>1</u>	<u>0,91</u>	<u>0,5</u>	<u>0,4</u>	<u>0,1</u>	<u>0,1</u>	<u>3</u>
<u>Interfaces</u> ⁶	<u>0,5</u>	<u>1</u>	<u>0,5</u>	<u>0,4</u>	<u>0,1</u>		<u>2,5</u>
<u>Développement</u> ⁷		<u>0,5</u>	<u>0,9</u>	<u>0,8</u>	<u>0,5</u>	<u>0,3</u>	<u>3</u>
<u>Deployment, monitoring and support</u> ⁸	<u>0,2</u>	<u>0,3</u>	<u>0,4</u>	<u>0,5</u>	<u>0,8</u>	<u>0,8</u>	<u>3</u>
<u>Information</u> ⁹	<u>0,2</u>	<u>0,6</u>	<u>0,7</u>	<u>1</u>	<u>1</u>	<u>0,5</u>	<u>4</u>
<u>Training</u> ¹⁰		<u>0,4</u>	<u>0,5</u>	<u>0,8</u>	<u>0,8</u>	<u>0,5</u>	<u>3</u>
<u>Running the system</u> ¹¹						<u>0,5</u>	<u>1</u>
<u>Contingencies</u>				<u>1,5</u>	<u>1</u>	<u>1</u>	<u>3,5</u>
<u>Total</u>	<u>3</u>	<u>5,5</u>	<u>5,4</u>	<u>8,3</u>	<u>7,3</u>	<u>5,5</u>	<u>35</u>

¹ Assistance to the programme management by the Commission mainly in the areas of producing and maintaining of the management plan;

² Activities of quality assurance of the programme, of quality control of the deliverables and services commissioned by the Commission, and of quality audit of the contractors;

³ External assistance for the co-ordination activities performed by the Commission in the framework of the programme, mainly in the areas of the follow up of the management plan implementation by the Member States and of the related support, of the communication between all parties involved (Member States and contractors) in the programme, including the support to the meetings, of the liaison with the trader associations;

⁴ Information Technology infrastructure required by the programme at community level (hardware, software and telecommunication service) during its first 6 first years (specification – development – deployment and running in phases).

⁵ Activities of drafting, maintaining and supporting the functional & technical specifications of the system.

⁶ Activities of drafting, maintaining and supporting the detailed technical specifications of the interfaces between the national and community systems;

⁷ Activity of producing and maintaining the IT applications required at community level for the good functioning of the system: common databases, reference databases, test applications, monitoring applications, common utilities.

⁸ Service activity required for the deployment of the system, including amongst others the technical conformance tests of the national systems, the monitoring of the system running in, the assistance to the Member States during the deployment period.

⁹ Activity of information of the Member States and of the traders.

¹⁰ Activity of training of the Member States' teams, about the specifications, products and services delivered by the Commission.

¹¹ Activity to deliver the community operational services, including the follow up of the operations, the processing of statistics, the availability of the common reference database, the assistance to the Member States in operation.

7.3 Indicative table of the commitments and payments during the development and deployment phase.

EC in Millions of EUR (current prices)

Commitments	3	6,45	6,75	10	8,8		35
Payments	1	4	7	8	9	6	35

<u>Breakdown</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Totale</u>
<u>Commitments</u>	<u>3</u>	<u>5,5</u>	<u>5,4</u>	<u>8,3</u>	<u>7,3</u>	<u>5,5</u>		<u>35</u>
<u>Payments</u>	<u>1</u>	<u>3,8</u>	<u>5,5</u>	<u>6,4</u>	<u>8</u>	<u>6,7</u>	<u>3,6</u>	<u>35</u>

8. FRAUD PREVENTION MEASURES

The Commission will pay travel expenses and costs relating to the holding of Community-level information and consultation seminars directly to Member State officials, officials of other countries (particularly those from applicant countries) and representatives of external bodies. Anti-fraud clauses will be added to all contracts concerned.

The Commission will check all subsidies paid, all services provided and all studies delivered before making any payments and will do so in the light of contractual requirements and the principles of thrift and good financial and/or general management. Fraud prevention provisions (e.g. checks, requirements to deliver reports) will be included in all agreements and contracts between the Commission and those receiving payments.

9. ELEMENTS OF COST-EFFECTIVE ANALYSIS

9.1 Specific and quantified objectives, target population

– Specific objectives

With a view to achieving the general objective of preventing fraud and simplifying the intra-Community system for moving goods under excise-suspension arrangements, the computerising of the movement and surveillance of such products has its own specific objectives:

First, the purpose of the system is so to link traders with each other and via their respective Member State administrations as to permit automatic checking of the data on an authorised warehouse keeper and his consignee before any excisable goods are consigned under the excise-suspension arrangements. The system will discharge movements by the same route and automatically track losses from or shortfalls in consignments. Each Member State's SEED¹² database (containing the registration details for authorised warehousekeepers, registered operators and warehouses) will be stored in the computerised system so that it will no longer be necessary to exchange data between Member States by diskette as at present.

Secondly, computerisation would make it possible to establish a surveillance system that enables Member States' administrations to exchange information on movements. This could be used:

- to store all data on a given movement that are required for surveillance purposes;
- as an early warning system;
- to allow checks, including wayside checks, to be carried out or planned in real time;
- to carry out automatic risk analyses based on risk indicators agreed at Community and national level;
- for exchanging data between Member States.
- Target population:

Officials of the competent administrations of the Member States and applicant countries, members of professional circles involved in excise products, consumers.

9.2 Grounds for the operation

- Need for a Community budget allocation, particularly in the light of the principle of subsidiarity

A contribution from the Community budget will be needed since the Member States will not be able, on their own, to establish the kind of data system involved which must be capable of fully harmonised, consistent and simultaneous operation in all Member States. To guarantee full compliance with this essential condition, the Community must therefore finance all that part of the project which involves setting up the data link between the Member States themselves.

The system could also use the Common Communications Network/Common Systems Interface (CCN/CSI) whose purpose is to provide a common platform which allows voluminous amounts of data to be transferred quickly and economically between the Member States' customs and tax administrations and between Member States and the Commission whilst guaranteeing maximum security. Using this system would reduce costs and prevent delays in putting into operation new systems

¹² System for the Exchange of Excise Data.

such as the one for computerising the movement and surveillance of excisable products. It should be noted that the CCN/CSI platform is itself financed under the Customs 2002 and Fiscalis programmes.

– Ways and means to be used

- * analysis of any similar projects carried out at Community or national level

A similar project is currently under way to computerise external Community transit (NCTS/NSTI).¹³ This project aims to computerise the transmission of customs transit documents between Community customs offices. The Community is funding the data link established between the Member States whilst the latter are funding their national applications. It should also be pointed out that some basic tools would be shared by the NCTS/NSTI and the computerised system for the movement and surveillance of excisable products. With a little adaptation, it would be possible to use the list of customs offices, the thesaurus of terms and the list of codes, which would mean a substantial saving.

- * spin-off and multiplier effects expected

The computerised excise system would help stem a large proportion of the fraud committed under the present system based on the paper version of the accompanying administrative document. It would do so by eliminating the kinds of fraud in which forged seals are used or consignments are re-routed to a trader other than the one entered on the document - and often established in the same Member State as the consigning trader.

It would also considerably simplify the formalities to be completed by traders by ensuring the rapid and risk-free release of their guarantees because the message giving notice of the arrival of their goods at destination would be transmitted electronically.

– Main uncertainties which could affect the specific outcomes of the project

The main uncertainty factor is the human and financial resources the Member States must marshal to carry out that share of the development and deployment of the project which falls to them. However, the specific purpose of the proposal for a Council Decision to which this financial statement is to be attached is to require the Member States to give a formal undertaking in this regard.

The second factor is the purely technical aspect. To provide the expected advantages, the system must be fully available round the clock and 365 days a year and, in the event of breakdown, recovery time must be very short if trade is not to be hindered. The Member States therefore have to make every effort to comply with this requirement in respect of the part of the project for which they are responsible. The feasibility study carried out in 1999 gives the specifications with which Member States must comply.

¹³

New Computerised Transit System/Nouveau Système de Transit Informatisé.

9.3 Monitoring and evaluation of the operation

– Monitoring indicators

* for measuring completed activities:

- (a) number of contracts concluded with computer companies with a view to developing and deploying the system;
- (b) number of meetings held with the Member States and applicant countries;
- (c) number of information and consultation seminars held, particularly with European traders' federations;
- (d) number of leaflets, manuals and other tools created to help implement the information and training policy;
- (e) number of documents translated.

* development and deployment objectives to be achieved:

(a) Group I activities: pre-requisites:

- reference lists drawn up;
- list of listed traders updated and incorporated;
- methods for the management and consultation of guarantees established;
- methods for the management and consultation of excise duty rates established.

(b) Group II activities: AAD electronic routing system:

- operating system specification: description of how the system is to operate in terms of function and interface modules;
- technical system specification: description of how the system is to operate in terms of technical modules and their interfaces;
- development of technical acceptance scenarios: description of the configuration of the data bases, related day-to-day handling and the expected results;
- development of validation tools: software which will allow validation of all interfaces created on the basis of the technical systems specification;
- technical acceptance of the system: using validation tools to validate the operational acceptance of the application in the Member States;

- operational acceptance of the system: using the application modules validated earlier and the acceptance scenarios to validate the results of the technical acceptance of the system;
- adoption of a new legal text applying the details of the data circuit and the content of the messages to be exchanged.

(c) Group III activities: downstream functions:

- design “wayside checks” function;
- design application for automatic risk evaluation;
- design “warnings management” function;
- design “automatic reminder” function;
- design “statistics” function;
- design “movement verification and mutual assistance” function;
- design “free-text messages” function.

– Details and frequency of planned evaluations

The computerisation project will be monitored constantly – by the Excise Committee as regards the legal aspects, by the Computerisation Subcommittee as regards the technical aspects and by the SCAC as regards the budget side.

Upon completion of the Group I activities described in the Annex to the proposal for a Decision to which this Financial Statement is attached and in the previous paragraph, i.e. two and a half years after start-up of development work, there will also be an interim report on the monitoring of the development and deployment activities. If possible, this report should already include the kind of information that would be helpful in determining the methods and criteria to be used in evaluating the functioning of the system itself.

As required by Article 8(2) of the proposal for a Decision to which this Financial Statement is attached, the final evaluation report will be presented to Parliament and the Council once work on developing and deploying the system has been completed. This report must include the method to be used for evaluating the functioning of the system.

10. ADMINISTRATIVE EXPENDITURE (SECTION III PART A OF THE GENERAL BUDGET)

10.1 Human resources

The necessary administrative resources will actually be mobilised in the light of the Commission’s annual decision on allocating resources and, in particular, in the light of any additional staff and funds granted by the budget authority.

10.2 Incidence on the number of posts

(a) during the start-up stage: ~~2003~~ 2002

Types of posts		Staff to be allocated to managing the project with staff already in the DG or additional staff			
		Permanent posts	Temporary posts		
Officials or temporary agents	A				
	B				
	C				
Other staff (seconded experts)			6		
Total			6		

(b) during the operational stage: ~~2004-2008~~ 2003–2006

Types of posts		Staff to be allocated to managing the project with staff already in the DG or additional staff			
		Permanent posts	Temporary posts		
Officials or temporary agents	A	3			
	B				
	C				
Other staff (seconded experts)			6		
Total		3	6		

Description of posts required for the operational stage	
Title	Job description
Head of project	Grade A. Will have responsibility for managing the work of the team and in particular for coordinating organisation, planning, contractual and budget matters, the technical verification of applications and all support activities. Must be familiar with internal Commission procedures, particularly those for tenders and the budget. Must be a computer scientist.
Deputy Head of project	Grade A. Must be able to deputise for the Head of Project. As above.
Excise expert	Grade A. Will have responsibility for coordinating all matters relating to excise duties that arise in connection with the setting up and development of the computerised system, and particularly for all legal matters relating to its development and deployment. Must be an Excise specialist.
Technical expert	Grade B. Will be involved in the functional analysis tasks and will assist the national administrations with their practical application of the system.
Technical expert	Grade B. Will be involved in defining interfaces and will assist the administrations with their national applications thereof.
Technical expert	Grade B. Will assist in the development of the common technical products.
Technical expert	Grade B. Will have responsibility for coordination with national administrations.
Technical expert	Grade B. Will have responsibility for coordination with national administrations.
Secretary	Grade C. Will organise meetings with national administrations and prepare the requisite documents.

10.3 Overall financial incidence of the additional staff

(a) during the start-up stage: ~~2003~~ 2002

(EUR)

	Amount	Method of calculation
A		
B		
C		
Other staff (seconded national experts; give budget heading)	251 568	3.494 (h/month) x 12 months = 41.928 x 6 seconded national experts = 251.568
Total	251 568	

These amounts reflect the total costs of the extra posts for ~~2003~~ 2002.

(b) during the operational stage: ~~2003~~ 2004 – 2008 2003–2006

(EUR)

	Amount	Method of calculation
Officials		
A	1 296 000	3 x 108 000 x 4 yrs
B		
C		
Other staff (seconded national experts; give budget heading)	1 006 272	251 568 x 4 yrs
Total	2 302 272	

These amounts reflect the total costs of the extra posts for the period ~~2003~~ 2004 – 2008 2003–2006.

10.4 Increase in any other operating expenditure arising out of the project, in particular costs of committee and expert group meetings

(EUR)

Budget heading (No and wording)	Amount	Method of calculation
<u>Meetings in general</u>		
<u>A - 7030</u>		
• Specifications working party	312 750	6 meetings x 5 days x 15 persons x 695 euro
• Contact Group	278 000	10 meetings x 1 day x 40 persons x 695 euro
<u>Committee meetings</u>		
<u>A - 7031</u>		
• Excise Committee	450 360	12 meetings x 2 days x 27 persons x 695 euro
• SCAC	187 650	10 meetings x 1 day x 27 persons x 695 euro
• SCIT	1 013 310	54 meetings x 1 day x 27 people x 695 euro
Total	2 242 070	

These amounts represent the total expenditure on the project for the period 2003 – 2008 ~~2002–2006~~.